



THE DIVISION OF REAL ESTATE REVIEW

IDFPR

Quarterly Newsletter

Illinois Department of Financial and Professional Regulation

SPRING 2024

LANGUAGE MATTERS

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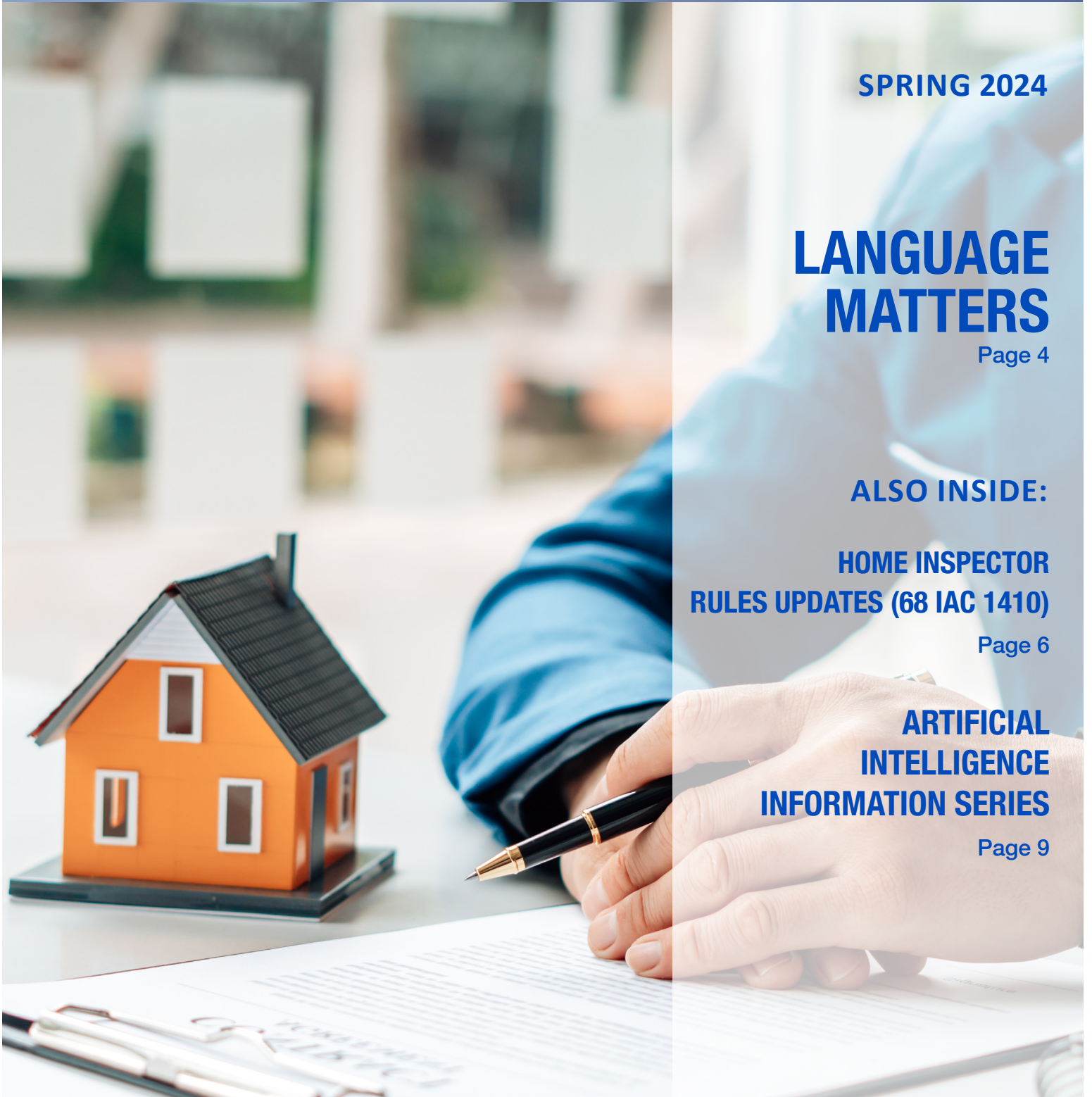
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MESSAGE FROM THE DEPUTY DIRECTOR

Good day from the world of Real Estate!

Like a hibernating bear, many of the activities for licensees regulated by the Division of Real Estate (DRE) slow way down during the winter months. But while business activities may decrease, the requirements to sustain and obtain a license never takes a break! This is especially true in 2024, as DRE's largest license group, Real Estate Brokers, journeys toward renewal. As many of you know, large renewals provide for zero dull moments. Whether needing to have their online portal username/passwords reset, or panicking over the CE hours they need to get in, the calls, emails, and inquiries pour in. A big thanks to our team who keeps the answers flowing!



Jeremy Reed

A recent flurry of internal promotions within DRE has familiar faces in new roles, which includes yours truly. The ability to reward high performing staff members to these opportunities is a big goal for Director Laurie Murphy. Nathaniel Chandler and Merle Shearer, both recently promoted to Chief roles, are already making positive impacts for the Division. There is no doubt the experience they gained in the years before their promotions will aide them in the future!

Finally, the "DRE Road Show" continues to roll around the state! Staff has already attended multiple events in 2024 and the rest of the year is filling up! The opportunity to speak with licensees and stakeholders face to face is the most efficient way to understand how things are going within our industry. Oh yes, it is also a very quick way to know how we're serving you!

APPRAISAL



Language Matters

Ever since the 2008 mortgage crisis, there has been a concerted effort to “pack” residential real estate appraisals with more information. Since that time, Government Sponsored Entities (“GSE’s”) such as Freddie Mac, Fannie Mae, and other lenders were - and are - concerned about how meaningful information is presented in appraisals.

In March 2009, there was a change that required appraisers to include more information starting with the Market Conditions Addendum. This Addendum was designed to identify adverse demand, such as seller concessions, foreclosure sales, REOs (real estate owned by lenders), and the like, becoming a part of the appraiser’s required documentation.



Brian Weaver
Real Estate Appraisal Coordinator

Eventually, market price declines were reversed through a combination of low mortgage rates and decrease in housing supplies.

More recently, emphasis has been placed on how appraisers use language to accurately identify and describe residential neighborhoods. Fannie Mae has published [guidance](#) on lender responsibilities in appraisal practice, including prohibitions against certain words and “subjective terminology” that could demonstrate bias. Freddie Mac has also [listed](#) unsupported or subjective terms not to use if supported by inadequate analysis.

Generally, an obvious area of concern are words and phrases found in an appraiser’s expanded neighborhood description. In some cases, appraisers copy and paste their neighborhood description right out of webpages like Wikipedia. Remember, Wikipedia is crowd-sourced information with far less reliability than well-known encyclopedia sites.

Appraisers may be populating their addenda with subjective information about racial origins, religions, immigrant populations, education, and income levels of their subject areas. Please review your templates for inflammatory language...and purge it from your system. Even if you’re drawing it from the US Census.

Best practices would be to use appropriate descriptions and actual names of your neighborhoods. Keep it simple and to the point, and be mindful as to how these names come across to clients and how it would to those residents.

AUCTION



When Does an Individual Auctioneer Also Need to Have an Auction Firm License?

A common question the Division receives is, “When does an individual licensed auctioneer also need to have an auction firm license?”

According to the Auction License Act (225 ILCS 407/) and its Administrative Rule (68 IAC 1440), an auction firm license is required when any partnership, limited liability company, or corporation acts as an auctioneer and provides an auction service.

If an individual licensed auctioneer forms a partnership, limited liability company, or corporation, then an auction firm license would also be required.

Confusion sometimes comes when an individual licensed auctioneer is providing auction services as a sole proprietor, but operating under a name other than that name appearing on their license. In this scenario, an auction firm license would not be required, but the licensee would need to register the assumed name under the Assumed Business Name Act (805 ILCS 405/) and submit a copy of the registration to the Division.

COMMUNITY ASSOCIATION MANAGEMENT



Community Association Manager Licensing and Disciplinary Act (225 ILCS 427/) and Administrative Rule (68 IAC 1445) reminders:

- All Community Association Firms in Illinois must be licensed, including identification of a designated community association manager for each firm.
- Requires supervision by the Designated Community Managers of firms.
- Requires fidelity insurance coverage to protect funds in the control of the Designated Community Association Manager or Community Association Management Firms.
- Community Association Managers are now required to complete 12 credit hours of continuing education (CE) for each renewal cycle beginning in 2025. One of those hours is dedicated to the Sexual Harassment Prevention Training required of all professionals licensed by the Department. Learn more in our Frequently Asked Questions (FAQs) [here](#).

HOME INSPECTION



Home Inspector Rules Updates (68 IAC 1410)

The Administrative Rule implementing the Home Inspector License Act (225 ILCS 441) was recently overhauled by the Division of Real Estate and became effective February 2, 2024. The Rule had not been substantively updated since 2010. The latest update incorporates the following:

- **NEW Pre-License Field Examination:** To ensure high professional standards, an additional field examination has been added after the five field inspection events in pre-license education are concluded. This new field exam will be based on the same or a similar property type used in one of the five field events. The final field examination must include:
 - o Draft written home inspection report;
 - o Inspection and description of each system identified in the Standards of Practice;
 - o Identification of potential defects of each system; and
 - o Minimum passing score of 70% as determined by the provider. (1410.520)
- **NEW Application for Pre-License Education Courses:** Education providers can offer the 60-hour classroom instruction and develop and offer the pre-license field course, which includes five field inspection events and a final field exam. Providers must apply for the pre-license classroom instruction and/or the field course, which will be licensed separately. Providers who specialize in pre-license education are not required to offer both the classroom course and the field course but can if they so choose. (1410.510)
- **Standards of Practice Update:** The Standards of Practice are revised to reflect modern practices in the industry. This includes the type of limitations or exclusions that are permissible in the pre-inspection agreement; identifying the start time of the inspection and the weather conditions; reporting on carbon monoxide and smoke detectors; and the use of electronic signatures in the final report. (1410.200)
- **Course Examinations:** Final exams are optional for the 60-hour pre-license course and may be offered at the education provider's discretion. Final exams are required for the continuing education courses that are a prerequisite for license renewal. However, home study courses must always include a proctored final examination. (1410.510 & 1410.540)
- **Continuing Education ("CE") Changes:** The conditions for renewing a home inspector license still require 12 hours of CE, but eight hours of those will now have to be mandatory courses. One of those hours is dedicated to the Sexual Harassment Prevention Training required of all professionals licensed

by the Department. The choices for an elective course have been expanded and include efficiency, climate, ethics, and smart homes, among others. (1410.550)

- **Transition for Students and Education Providers:** To ease the transition for potential applicants, licensees, and providers, the Division is providing a reasonable amount of time for the development and offering of pre-license and continuing education courses. After January 1, 2025, the new education requirements will apply to all applicants for an initial home inspector license and to licensees seeking renewal. (1410.610)
- **Insurance Requirements:** Home inspectors and their entities are required to maintain general liability insurance of at least \$100,000 to cover potential losses or claims. An applicant or licensed entity will need to provide proof of this insurance and its coverage of the business, all licensed home inspectors, and employees of the company. (1410.235)
- **Duties of Managing Home Inspectors:** The duties of the managing home inspector of a legal entity are further clarified, including responsibility for the actions of their employees when providing home inspection services and notifying the Division of any changes to the home inspectors working for their company. (1410.250)
- **Endorsement Applications:** The details of what is required in an endorsement application for out-of-state home inspectors who want to be licensed in Illinois are listed, along with the criteria the Division will use to determine eligibility. (1410.120)



REAL ESTATE



Real Estate Broker Renewals

The Department's Licensing and Education Divisions are located and operated from our Springfield office. This means all communications (including inquiries about the application process, license renewal, and license status) should begin in Springfield. For any licensing and education questions, please contact fpr.realestate@illinois.gov.

The renewal application is available online 90 days prior to the expiration date of the license and remains available for 30 days after the renewal expiration. All renewals submitted after the expiration date are subject to a late renewal fee of \$75.

Licensees are required to complete their Continuing Education (CE) requirements prior to remitting their renewal application. The Department conducts CE audits for each renewal cycle and identifies any licensees that have not completed their CE requirement.

Failure to comply with the continuing education requirements (225 ILCS 454/20-20.1) and (68 Ill. Adm. Code 1450.960) may result in a non-disciplinary fine in the amount of \$500 for a first citation. A non-disciplinary fine in the amount of \$1,000 may result for a second citation. A third citation, and each subsequent citation, may result in publicly disclosed discipline and a fine in an amount not to exceed \$2,000.

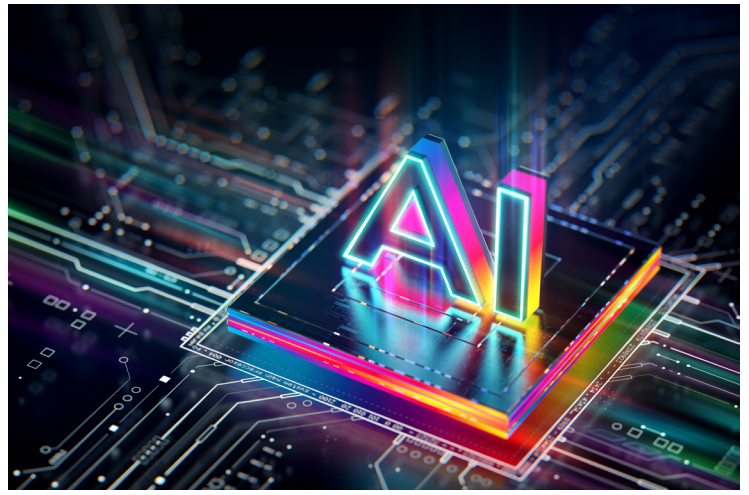
Every renewal period, there are brokers who unintentionally allow their license to lapse. Practicing or offering to practice on an expired or inactive license constitutes unlicensed practice and is grounds for discipline pursuant to Section 20-20 of the Act. Violating this provision could lead to either non-public or public discipline including fines, fees, reprimand, suspension, or even revocation of a license based on the severity of the violation.

Please stay vigilant about adhering to rules, deadlines, and requirements to keep your license in good standing.



Monica Gutierrez
Real Estate Coordinator

ARTIFICIAL INTELLIGENCE INFORMATION SERIES



As the State of Illinois' head regulatory agency, the Illinois Department of Financial and Professional Regulation (“IDFPR”) serves as the backbone of our state’s regulatory system that ensures licensees meet the legislative requirements enacted to protect Illinois consumers. In doing so, the Division of Real Estate is committed to sharing information in our quarterly newsletter about an irrefutable new tool and what it may mean for the professions we regulate.

As artificial intelligence (“AI”) becomes more prevalent throughout our ever-changing technological landscape, we need to ensure we are staying on top of its advantages and potential risks. Embracing and understanding AI is of the utmost importance. To fully realize the potential advantages and challenges AI could present, awareness is key. Ensuring that stakeholders understand what AI is, how it is being used, the benefits, and the potential risks associated with its use allows for its success.

The easiest way to explain AI is the ability of a computer or a machine to think or learn. The use of AI is increasing across all industries throughout the United States, including Illinois. Almost all organizations will be AI-enabled or use AI-powered solutions within the next few years.

The most common type of AI that is used today is trained to complete a single task, typically faster than humans can. AI that is intended to function, learn, and think like humans is still a far-off reality. Alexa, Siri, Netflix recommendations, and predictive analytics are commonly used applications of everyday life.

Advancements in AI have positively affected everyday living for many individuals. AI functions have improved daily living by being able to detect potential bank fraud, control smart devices, and enhance customer service.

Stay tuned for more information about this growing trend and how to navigate it.



NEW HIRES & PROMOTIONS



Merle Shearer, Chief of Prosecutions

Merle Shearer began working with the Division of Real Estate Prosecutions Unit as a Staff Attorney in 2018 and was proudly promoted to the Chief of Prosecutions role at the beginning of 2024. Merle graduated from North Park College in Chicago with a B.S. in accounting and minors in both economics and music. He obtained a CPA certificate and worked for a public accounting firm before his career led him from being a Special Agent/Criminal Investigator with the IRS, to working for the Midwest office of the Securities & Exchange Commission, and to 25 years with the Cook County State's Attorney's Office as an Assistant State's Attorney. Merle received his law degree from the Illinois Institute of Technology's Chicago-Kent College of Law, where he was a Notes and Comments Editor on

Law Review, a member of the National Trial Advocacy Team, and Order of the Coif for graduating in the top 10% of his class. Merle was married to Joanne for 46 years, until her passing in May 2022. He has a son who is a Sergeant with the Chicago Police Department and a daughter who is an Advanced Practice Nurse. He has four grandchildren, two from each child. Merle enjoys reading mystery novels and spending time with his grandkids.



Dan Kazlauski, Prosecutions Unit

Dan Kazlauski joins the Division of Real Estate ("DRE") Prosecutions Unit after more than 20 years as an in-house litigation attorney for AT&T. While at AT&T, Dan covered a wide variety of subject matters including real estate, commercial, torts, employment, consumer, contracts, and telecommunications. Prior to AT&T, Dan held positions at two boutique law firms as a litigator. He holds a JD from the University of Illinois College of Law and a Bachelor of Science in Accounting from Illinois State University. Dan lives in the western suburbs of Chicago with his wife. Together, they have two adult children. In his spare time, Dan enjoys traveling, sports, movies, reading, and spending time with family and friends. He looks

forward to working with the DRE team.



Devlin Gordon, Investigations Unit

Devlin joins the Division of Real Estate Investigations Unit as a Real Estate Investigator. She has held her Real Estate Broker's License since 2013 and has prior investigative experience as a Medicolegal Death Investigator with the Cook County Medical Examiner's Office. Devlin holds a B.S. in Biology from DePaul University ("Go Blue Demons!") and has worked in several laboratories in the Chicago area. She has always loved both real estate and investigations, so this position is a great fit for her.

EVENTS

ARELLO®

The beginning of the year started off strong with Director Laurie Murphy attending the Association of Real Estate License Law Officials Leadership Symposium in Miami, Florida. Director Murphy serves on the Board of Directors and attended the conference for leadership training and strategic planning.

January 18 marked the second time the “How to” Series hosted an interactive and informative tour designed to empower Illinoisans with the knowledge and tools they need to pursue a career in real estate-related professions, and to navigate the resources offered by the Division of Real Estate. For this inaugural year, the Division of Real Estate is focusing on “How to Become an Appraiser.” We’re excited to be reaching diverse communities and sharing valuable information.

To learn more about the “How to” Series and how to schedule an event in your community, go here: <https://idfpr.illinois.gov/dre/howtoseriesdre.html>.



“How to” Series
DIVISION OF REAL ESTATE



The Illinois Realtors® Winter Conference took place January 22-24 in Bloomington, with Real Estate Coordinator Monica Gutierrez and new Chief of Licensing and Education Nathaniel Chandler attending various trainings, forums, and guest speaker sessions. It was a wonderful event with valuable information shared.

The Illinois State Auctioneers Association held their annual conference and expo in Bloomington February 9 and 10. Director Laurie Murphy, Deputy Director Jeremy Reed, Chief of Licensing and Education Nathaniel Chandler, and Auction Advisory Board Liaison Susan Sigourney were all on hand to answer questions and discuss subjects unique to the auctioneer profession.



EVENTS *(continued from page 11)*

Chief of Licensing and Education Nathaniel Chandler represented IDFPR at its booth at the 1844th Yellow Ribbon Tier 2 job fair held on February 10 at the Wyndham Springfield City Centre for military service members seeking career and employment opportunities.



On February 13, Chief of Licensing and Education Nathaniel Chandler spoke with members of the Champaign County Association of Realtors (CCAR) via videoconference during their quarterly meeting to provide an update on the 2024 broker license renewal, and to discuss online resources to assist licensees.

DRE BOARD OPENINGS

We are always looking for new board member candidates! It is imperative we maintain expert board member candidates as terms expire and/or vacancies need to be filled.

Boards that currently have vacancies and/or upcoming term expirations include the following:

- Real Estate Administration and Disciplinary Board
 - (1) Broker or Managing Broker
 - (1) Public Member
- Real Estate Appraisal Administration and Disciplinary Board
 - (1) Certified Residential Appraiser
- Auction Advisory Board
 - (1) Auctioneer
 - (1) Real Estate Broker
- Community Association Manager Licensing and Disciplinary Board
 - (2) Community Association Manager

If you or someone you know is interested in serving on a Board, please email Jennifer Rossiter Moreno at Jennifer.RossiterMoreno@illinois.gov to receive information about basic qualifications and requirements to apply.

QUARTERLY ENFORCEMENT REPORT

DIVISION OF REAL ESTATE ENFORCEMENT OCTOBER-DECEMBER 2023

These enforcement actions were taken by DRE during October – December 2023. All enforcement actions by IDFPD may be found in our monthly enforcement reports [HERE](#).

UNLICENSED

One individual ordered to cease and desist the practice of real estate appraisal and imposed a \$2,500 civil penalty for engaging in Real Estate Appraisal services without a license.

Company ordered to cease and desist and imposed a \$1,000 civil penalty for holding themselves out to practice as a Home Inspector entity without being licensed under the Act.

Individual ordered to cease and desist from engaging in any auction activities in the State of Illinois that require a license pursuant to the Auction License Act.

APPRAISAL

Certified real estate appraisal license placed in refuse to renew status for failing to file and/or pay Illinois state income taxes.

AUCTIONEER

Auctioneer license fined \$1,500 and placed on probation for entering into a contract with which failed to include required information, failed to provide a final settlement statement or information regarding auction on request by seller, and failed to provide information requested by the Department.

Auctioneer license and auctioneer firm license fined \$2,000 jointly and severally for providing auction service while the licenses were expired and allowing a seller to participate in an absolute auction.

Auction firm license fined \$500 for engaging in the practice of auctioneering, conducting an auction, or providing an auction service after the license was expired.

COMMUNITY ASSOCIATION MANAGER

Community association manager license revoked and fined \$50,000 for stealing an association's money, commingled funds with that of an association, and failing to provide documents on request by the Department.

HOME INSPECTOR

Home inspector license suspended for being more than 30 days delinquent in the payment of child support.

Home inspector license and home inspection corporation license fined \$2,500 jointly and severally and home inspector ordered to complete education for statement of condition on a home inspection report that was grossly in error contrary to accepted standards of practice and failing to execute a written pre-inspection agreement with the purchaser of the subject property prior to the inspection.

REAL ESTATE

Four real estate broker licenses suspended for being more than 30 days delinquent in the payment of child support.

Five real estate broker licenses suspended for failure to file and/or pay Illinois state income taxes.

Real estate residential leasing agent license suspended for failure to file and/or pay Illinois state income taxes.

Real estate residential leasing agent license granted on probation due to a prior felony conviction and prior license discipline.

Real estate managing broker license fined \$1,000 for failing to account for, or to remit any money, coming into possession that belongs to others.

Real estate managing broker license fined \$2,500 and suspended for a minimum period of six months for failing to provide the Department with documents requested during a Broker Verification Examination.

Real estate corporation license fined \$2,500 and suspended for a minimum period of six months for failing to provide the Department with documents requested during a Broker Verification Examination.

Two real estate managing broker licenses suspended for violating the terms of a consent order.

Real estate limited liability company license suspended for violating the terms of a consent order.

Real estate managing broker license fined \$2,500 and suspended for a minimum period of 6 months for failing to provide the Department with documents requested during a Broker Verification Examination.

Real estate broker license suspended for six months, fined \$2,000, and ordered to complete education for moving his mother into a client's rental property without permission.

Two real estate managing broker licenses suspended for failure to file and/or pay Illinois state income taxes.

Real estate broker license granted and placed on probation for 1 year for prior felony convictions.

Real estate broker license granted and placed on probation for one year for failing to disclose in his application that his previous real estate residential leasing agent license had been disciplined in 2019.

Real estate managing broker license revoked and fined \$25,000 for failure to remit \$15,000 earnest money belonging to another; writing a check with insufficient funds to remit earnest money; engaging in dual agency without the informed written consent of all parties; and failure to provide documents to the Department upon request.

Real estate broker corporation license revoked and fined \$25,000 for failure to remit \$15,000 earnest money belonging to another; writing a check with insufficient funds to remit earnest money; and failure to provide documents to the Department upon request.

Real estate broker license placed on probation and ordered to complete a class due to a felony conviction for the offense of Harassment of Jurors.

Real estate managing broker license fined \$500 for allowing a previously sponsored licensee to practice without a license and failure to supervise.

Real estate broker license fined \$500 for aiding another's practice without a license.

Real estate broker corporation license fined \$500 for allowing a previously sponsored licensee to practice without a license and failure to supervise.

Real estate residential leasing agent license fined \$500 for engaging in real estate activities when Respondent's real estate residential leasing agent student license expired.

Real estate managing broker license suspended for being more than 30 days delinquent in the payment of child support.

Real estate broker license granted with probation for one year for a past felony conviction.

Real estate broker license fined \$900 and shall complete a four-hour core course for failing to properly advertise the sponsoring broker's name on their website and not at all on the signage at their satellite office.

Real estate managing broker license and real estate broker corporation license fined \$2,000 jointly and severally and the real estate managing broker licensee ordered to complete education for engaging in licensed real estate activities while the license was not renewed; for failure to complete continuing education prior to renewing the license and for stating on the renewal application that the continuing education had been completed; for failure to provide the department documents upon request; and for aiding or abetting and failing to supervise a licensee engaged in licensed activities who was sponsored by another Real Estate Corporation for engaging in licensed real estate activities while their license was not active.

Real estate broker license fined \$1,500 and ordered to complete an ethics course for allowing a buyer to move items of personal property into a premise before closing and against the direction of the seller.

Real estate managing broker license fined \$1,500 for allowing a sponsored broker to practice real estate while the broker's license was in not renewed status.

Real estate broker license fined \$500 for practicing real estate after the license was expired.

Real estate broker license fined \$1,500 for practicing real estate while the license was in not renewed status.

Real estate broker license fined \$1,250 for failure to properly display the sponsoring broker's name on their website and not at all on the signage at their branch office.

REAL ESTATE SCHOLARSHIP OPPORTUNITY



Each fiscal year, IDFP is authorized to fund at least \$15,000 to a scholarship program for historically marginalized persons who wish to pursue courses of study that will prepare them for careers relating to real estate or enhance the skills and knowledge that they currently use as real estate professionals (225 ILCS 454/25-25). The State of Illinois contracts with the Illinois Real Estate Educational Foundation (“REEF”) to administer the Illinois Diversity Real Estate Scholarship Program. Since 2019 the Department has doubled the yearly funding amount to \$30,000. This allows REEF to award 60 scholarships each fiscal year to qualified residents of Illinois.

To learn more or apply, click the link below:

<https://www.ilreef.org/scholarships/>



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Check out our DRE FAQ playlist on YouTube [here!](#)

<https://idfpr.illinois.gov/dre.html>



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